

IMPORTANT INFORMATION ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS

WHAT IS CONTINUATION COVERAGE?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee covered under the group health plan, a covered employee's spouse, and dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage.

Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan. The persons listed on page one of this notice have been identified by the Plan as qualified beneficiaries entitled to elect continuation coverage. Specific information describing continuation coverage can be found in the Plan's summary plan description (SPD), which can be obtained from your former employer.

HOW LONG WILL CONTINUATION COVERAGE LAST?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued for up to 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued for up to 36 months. Page one of this notice shows the maximum period of continuation coverage available to the listed qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if any required premium is not paid on time, if a qualified beneficiary becomes covered under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary, if a covered employee enrolls in Medicare, or if the employer ceases to provide any group health plan for its employees. Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

HOW CAN YOU EXTEND THE LENGTH OF CONTINUATION COVERAGE?

If you elect continuation coverage, an extension of the maximum period of 18 months of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must

notify Benefit Strategies, LLC of a disability or a second qualifying event in order to extend the period of continuation of coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

A) DISABILITY

An 11-month extension of coverage may be available if any of the qualified beneficiaries is disabled. The Social Security Administration (SSA) must determine that the qualified beneficiary was disabled at some time during the first 60 days of continuation coverage, and you must notify Benefit Strategies, LLC of that fact within 60 days of the SSA's determination and before the end of the first 18 months of continuation coverage. All of the qualified beneficiaries listed on page one of this notice who have elected continuation coverage will be entitled to the 11-month disability extension if on the terms they qualify. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify Benefit Strategies, LLC of that fact within 30 days of SSA's determination.

B) SECOND QUALIFYING EVENT

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events include the death of a covered employee, divorce or separation from the covered employee, or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. You must notify Benefit Strategies, LLC within 60 days after a second qualifying event occurs.

HOW CAN YOU ELECT CONTINUATION COVERAGE?

Each qualified beneficiary listed on page one of this notice has an independent right to elect continuation coverage. For example, both the employee and the employee's spouse may elect continuation coverage, or only one of them. Parents may elect to continue coverage on behalf of their dependent children only. A qualified beneficiary must elect coverage by the date specified on the Election Form. Failure to do so will result in loss of the right to elect continuation coverage under the Plan. A qualified beneficiary may change a prior rejection of continuation coverage any time until that date.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law.

First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans

if you have more than a 63-day gap in health coverage, and the election of continuation of coverage may help you not have such a gap.

Second, you lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you.

Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of the continuation coverage if you get continuation coverage for the maximum time available to you.

HOW MUCH DOES COBRA CONTINUATION COVERAGE COST?

Generally, each qualified beneficiary may be required to pay the entire cost of the continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of continuation of coverage due to disability, 150 percent) of the cost of the group health plan (including both the employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment of each continuation coverage period for each option is described in this notice.

WHAT IF I AM ELIGIBLE FOR TRADE ADJUSTMENT ASSISTANCE?

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. If you have questions about these new tax provisions, you may call the Health Care Tax Credit Customer Contact Center toll free at 1-866-628-4282. TTD/TTY callers may call toll free at 1-866-626-4282. More information about the Trade Act is available www.doleta.gov/tradeact/2002act_index.cfm

WHEN AND HOW MUST PAYMENT FOR CONTINUATION COVERAGE BE MADE?

A) FIRST PAYMENT FOR CONTINUATION COVERAGE

If you elect continuation coverage, you do not have to send any payment for continuation coverage with the Election Form. However, you must make your first payment for continuation coverage within 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan.

Your first payment must cover the cost of the continuation coverage from the time your coverage under the Plan would have otherwise terminated up to the time you make your first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact Benefit Strategies, LLC to confirm the correct amount of your first payment.

Your first payment for continuation coverage should be sent to:



P.O. Box 1300
MANCHESTER, NH 03105-1300

B) PERIODIC PAYMENTS FOR CONTINUATION COVERAGE

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. Under the Plan, these periodic payments for continuation coverage are due on the first day of each month. If you make a periodic payment on or before the first day of the coverage period to which it applies, coverage under the Plan will continue for that coverage period without any break. Benefit Strategies, LLC will send coupons upon receipt of the full amount for the enrollment.

C) 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. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment.

However, if you pay a periodic payment later than its due date but during the grace period, your coverage under the Plan may be suspended as of the due date and then retroactively reinstated (going back to the due date) when a periodic payment is made. This means that any claim you submit for benefits, while your coverage is suspended, may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a periodic payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan.

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. You can get a copy of your summary plan description from your former employer.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPPA), and other laws affecting group health plans, contact 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

KEEP YOUR PLAN ADMINISTRATOR INFORMED OF ADDRESS CHANGES

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the address of family members. You should also keep a copy, for your records, of any notices you sent to the Plan Administrator.

FREQUENTLY ASKED QUESTIONS

1. WHAT IS COBRA?

COBRA is a law that permits employees who have lost medical or dental insurance coverage to continue participation in their health insurance plan(s) on a self-pay basis through their former employer.

2. HOW SOON DO I HAVE TO RESPOND TO THIS NOTIFICATION LETTER?

You have 60 days from the date of your COBRA letter to elect continuation of coverage. During this time your coverage is in a "pending state".

3. CAN MY MEDICAL/DENTAL/RX CLAIMS STILL BE PROCESSED DURING THIS "PENDING STATE"?

No, your medical/dental/prescription cards are inactive until you submit your enrollment form and appropriate premium payment are received at Benefit Strategies, LLC.

4. HOW DOES MY COVERAGE BECOME RE-ACTIVATED?

Benefit Strategies, LLC will notify your former employer of the receipt of your enrollment paperwork and payment. The employer will start the reinstatement process. Please Note: This process may take up to 10-15 business days AFTER PAYMENT IS RECEIVED IN THIS OFFICE. If you intend to enroll, do not delay mailing the forms and payment.

5. I NEED ONGOING MEDICAL CARE AND HAVE MEDICATIONS TO TAKE. WHAT CAN I DO?

We recommend that you make your election as soon as possible so not to inconvenience you, your pharmacy or your providers. Prescriptions can be purchased paying the full amount, until your election is received and processed and coverage becomes effective.

6. CAN I GET REIMBURSED FOR MEDICAL/DENTAL EXPENSES DURING THIS TIME?

Yes. After you have enrolled, call the insurance carrier and ask for their procedure for reimbursement of claims that were paid out-of-pocket that will need to be submitted for review. For "rejected or unpaid bills" you will need to inform the provider of services to re-submit the claim for consideration.

7. HOW FAR BACK CAN MY COVERAGE BE DATED TO?

COBRA coverage can only be re-instated back to the original termination date. There can be no break in coverage.

8. I DID THE ENROLLMENT PROCESS, PAID MY PREMIUM AND STILL I WAS DENIED COVERAGE WITH MY PROVIDER. WHAT CAN I DO?

If it has been 3 weeks or more, contact this office immediately. We will contact your former employer to check on the status of your reinstatement process.

IF I STILL NEED SOME ASSISTANCE, WHOM SHOULD I CALL?

Please call our office at 603-647-4666 if you have questions regarding premium payments, rates, terminations, etc. and ask to speak with a member of our COBRA department or visit us at www.benstrat.com