

**NOTICE TO FULL-TIME EMPLOYEES
CONCERNING
FEDERAL LEGISLATION AND THE CITY'S HEALTH INSURANCE PLAN**

In 1997, Federal Legislation was enacted that effected the modification of the City's health insurance plan to comply with the various sections of the legislation. This notice contains information regarding the various sections. Attached is a **Notice To Participants** that describes the City's exemption to certain requirements of the legislation and the affect of the exemption on the plan.

The material in this notice became effective:

As to Sections 1 and 2, on January 1, 1997.

As to Section 3, on July 1, 1997.

1. Changes Required to Continuation of Coverage under Federal Law (COBRA)

The definition of Qualified Beneficiary has been modified to include a child born to, or placed for adoption with, the covered employee during the continuation period.

Any Qualified Beneficiary (including both the covered employee and a disabled Qualified Beneficiary of the covered employee) is eligible for 11 additional months of COBRA coverage if he or she meets the following two conditions:

The individual must be determined to have been disabled under Social Security at the time of the qualifying event or any time during the first 60 days of continuation.

The disabled individual must notify the Plan Administrator of his or her disability Status within 60 days of the determination and within the first 18 months of continuation.

2. Changes Required in Employer's Health Plan as a Result of the Federal Newborn and Mother's Health Protection Act of 1996.

If the Employer's health plan contains Pregnancy Coverage that covers delivery of a child or children, the Plan will indicate the following:

The definition of a dependent child will allow for coverage of a child from Birth.

In the event of an inpatient confinement, such benefits will be payable for Inpatient care of the covered person and any newborn child for a minimum of 48 Hours following a vaginal delivery and a minimum of 96 hours following a Cesarean delivery. If a person is discharged earlier, benefits will be payable for 2 post-delivery home visits by a health care provider.

3. Changes Required in Employer's Health Plan as a Result of the Federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

Active Work Rule and Non-Confinement Rule

Any Active Work Rule and any Non-Confinement Rule under the Employer's health plan will not apply.

Pre-existing Conditions Limitations

If Employer's health plan contains a pre-existing condition limitation, it will indicate the following:

A "pre-existing condition" is defined as a condition, physical or mental, for which medical advice, diagnosis, care or treatment was recommended or received during the 180 days ending on the person's effective date of coverage. (Date of Hire for new enrollees) (Effective Date of Coverage for those enrolled after initial eligibility) Your Employer can help you determine your effective date of coverage.

For the first 365 days following such date, covered medical expenses will not include any expenses for treatment of a pre-existing condition

A pregnancy will not be considered a pre-existing condition.

Credit for Prior Coverage

If a person had prior credible coverage and such coverage terminated within 62 days prior to the date he or she enrolled into the Plan (Date of Hire or Effective Date of Coverage as explained above), then any limitations as to a pre-existing condition will not apply to that person for the amount of prior credible coverage, provided that a Certificate of Credible Coverage or a Prior/Concurrent Affidavit is provided to employer.

As used above, "credible coverage" is a person's prior medical coverage as defined in HIPAA. Such coverage includes coverage issued on a group or individual basis, Medicare, Medicaid, Military-sponsored healthcare, a program of the Indian Health Service, a state health benefits risk pool, the Federal Employees' Health Benefit Plan (FEHBP), a public health plan as defined in the regulations, and any health benefit plan under Section 5(e) of the Peace Corps Act.

Subsequent Enrollees

A "Subsequent Enrollee" is a person (including yourself) for whom you do not elect Health Expense Coverage within **30** days of the date the person becomes eligible for such coverage. (1st day of the month after 90 days of full time employment for new full time employees)

Enrollment Procedure

You may elect coverage for a Subsequent Enrollee only during the **ANNUAL** Open Enrollment Period as established by the Employer.

Coverage for a Subsequent Enrollee will become effective on the first day of the annual enrollment effective date.

Any pre-existing condition limitation may apply to a Subsequent Enrollee, and will begin on the first day of the subsequent enrollee's coverage.

Special Enrollment

A person will not be considered a Subsequent Enrollee if **ALL** of the following are met:

You did not elect Health Expense Coverage for the person involved (which includes yourself) within 30 days of the date the Person was first eligible (or during an open enrollment) because at that time:

The person was covered under other “credible coverage” as defined in the Credit for Prior Coverage section above; **AND**

You stated, in writing, at the time you submitted the refusal that the reason for the refusal was because the person had such coverage; **AND**

The person lost such coverage due to:

Reduction in hours of employment; or

Death of Spouse; or

Legal separation or divorce; or

Such coverage was COBRA continuation and such continuation was exhausted; or

Loss of eligibility for the other credible coverage due to the employer's failure to pay premiums on a timely basis. (**Voluntary termination of coverage does not constitute loss of eligibility of coverage**)

*****You MUST elect coverage within 30 days of the date the person lost coverage for one of the above reasons.*****

NOTE: Loss of coverage applies only to those who have “lost” prior credible coverage. Employee must be enrolled in coverage for a dependent to be enrolled.

If you are not considered a Subsequent Enrollee, Health Expense Coverage will become effective the date the person becomes eligible for such coverage (date of event). Any pre-existing condition limitations may apply.

Additional Special Events

Any and all eligible family members of an eligible employee (including the employee, if not already covered) are to be added if a marriage, birth of a newborn or adoption occurs. Any limitation as to a pre-existing condition may apply.

Also, a person will not be considered a Subsequent Enrollee if you did not elect, when the person was first eligible, Health Expense Coverage for:

A spouse or child who meets the definition of a dependent, but you elect coverage within 30 days of a court order requiring you to provide such coverage for your dependent spouse or child. Such coverage will become effective on the date of the event. Any limitation as to a pre-existing condition may apply.

You subsequently acquire a dependent, who meets the definition of a dependent, through marriage, and you subsequently elect coverage for yourself and any such dependent within 30 days of acquiring such dependent. Such coverage will become effective on the date of the event. Any limitation as to a pre-existing condition may apply.

You subsequently acquire a dependent, who meets the definition of a dependent, through birth, adoption, or placement for adoption, and you subsequently elect coverage for yourself and any such dependent within 30 days of acquiring such dependent. Such coverage will become effective on the date of the child's birth, the date of the child's adoption, or the date the child is placed with you for adoption, whichever is applicable. (Adoption and placement will require legal documentation). Any limitation as to a pre-existing condition may apply.

You and your spouse subsequently acquire a dependent, who meets the definition of a dependent, through birth, adoption, or placement for adoption, and you subsequently elect coverage for yourself, your spouse, and any such dependent within 30 days of acquiring such dependent. Such coverage will become effective on the date of the child's birth, the date of the child's adoption, or the date the child is placed with you for adoption, whichever is applicable. (Adoption and placement will require legal documentation). Any limitation as to a pre-existing condition may apply.

Your Rights under HIPAA

If you have any questions about your rights under HIPAA, you should contact:

The nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory; or

The Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210.