

*North Carolina*  
**State Health Plan**  
for Teachers and State Employees  
[www.shpnc.org](http://www.shpnc.org)

January 29, 2010

Dear Former State Health Plan Member,

This notice contains important information about additional rights you may have related to your COBRA continuation coverage in the State Health Plan. Please read the information contained in this notice very carefully.

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act, 2010, reduces the COBRA premium in some cases. You are receiving this notice because you were either receiving premium assistance as of November 30, 2009 or experienced a qualifying event that was the termination of employment on or after December 31, 2009 but were not provided a notice that included the information required by ARRA, as amended; or received the full nine months of premium assistance required under ARRA and either did not make any payment for subsequent periods of coverage, made payment of the 35%, or made payment of the full premium otherwise required to maintain coverage without the subsidy.

If you experienced an involuntary termination of employment you may be eligible for the temporary premium reduction for up to 15 months. To help determine whether you can get the ARRA premium reduction, you should read this notice and the enclosed documents carefully. In particular, reference the "Summary of the COBRA Premium Reduction Provisions under ARRA, as Amended" with details regarding eligibility, restrictions, and obligations.

# Important Information about Your COBRA Continuation Coverage Rights

## How much does COBRA continuation coverage cost?

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

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act, 2010, reduces the COBRA premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event relating to COBRA continuation coverage that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with February 28, 2010. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due to the plan. This premium reduction is available for up to 15 months. If your COBRA continuation coverage lasts for more than 15 months, you will have to pay the full amount to continue your COBRA continuation coverage after the 15-month period expires. See the attached "Summary of the COBRA Premium Reduction Provisions under ARRA, as Amended" for more details, restrictions, and obligations as well as the form necessary to establish eligibility.

## When and how must payment for COBRA continuation coverage be made?

### Changes to grace periods for certain payments

Under normal circumstances, you have a grace period of at least 30 days after the first day of the coverage period to make each periodic payment. If you fail to make a periodic payment before the end of the grace period for that coverage period, you would lose all rights to continuation coverage under the Plan. However, the Department of Defense Appropriations Act, 2010 provides an extended period of time for certain periods of coverage. If you have reached the end of the reduced premium period, you can make a retroactive payment of the reduced premium(s) for the period(s) of coverage immediately following what would have been the last period subject to the premium reduction. This payment must be made by the later of 30 days from the date this notice was provided to you, or the end of the otherwise applicable payment grace period.

### All payments for continuation coverage should be sent to:

Blue Cross and Blue Shield of North Carolina  
PO Box 580031  
Charlotte, NC 28258-0031

You may contact Customer Services at **1-888-234-2416** to confirm the correct amount of your first payment or to discuss payment issues related to the ARRA premium reduction.

### 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 original COBRA election notice, the summary plan description, or from the Plan Administrator.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, you should contact Blue Cross Blue Shield of North Carolina at PO Box 30085, Durham, NC 27702 or via phone at **1-888-234-2416**.

Employees seeking more information about rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, can contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) at **1-866-444-3272** or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

### Keep Your Plan Informed of Address Changes

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