

CONTINUING COVERAGE

Continuing Your HCRA Coverage Through COBRA

A federal law known as **COBRA** (Consolidated Omnibus Budget Reconciliation Act of 1985, as amended) requires employers to offer **eligible employees** and their covered **dependents** the opportunity to continue their group health care coverage *at their own expense* for a limited period of time if they lose coverage due to a qualifying event. **COBRA** applies to all the medical options plus the **HCRA**.

Electing **COBRA** for the **HCRA** gives you or your **HCRA dependents** the benefit of extending the time period for which claims for reimbursement may be incurred. Normally, to be eligible for reimbursement a claim must be incurred while you are covered under and contributing to the **HCRA**. If you have not incurred enough expenses at the time of your qualifying event to recover your contributions to the **HCRA**, then you should consider electing **COBRA** in order to extend the coverage period long enough to incur claims that would allow for full reimbursement, but not past the end of the year. For this reason, **COBRA** is only available to you or your **HCRA dependents** if the amount you could be reimbursed exceeds the amount you would have to pay into the account on an after-tax basis.

COBRA Coverage

COBRA may extend your coverage under the **HCRA** for the remainder of the year. The following chart summarizes who is eligible for **COBRA** continuation coverage, under what circumstances, and how long **COBRA** continuation coverage continues.

If:	Qualifying Event	Who Is Eligible for COBRA Coverage
You	Become laid off	You and your HCRA dependents
	Have a reduction in hours	You and your HCRA dependents
	Terminate employment (for reasons other than gross misconduct)	You and your HCRA dependents
	Do not return from an FMLA leave of absence	You and your HCRA dependents
	Die	Your HCRA dependents
	Become divorced or legally separated	Your HCRA dependents

If:	Qualifying Event	Who Is Eligible for COBRA Coverage
Your HCRA dependent	Is no longer an eligible HCRA dependent (due to age limit, divorce, or legal separation)	Your HCRA dependent
	Is no longer an eligible HCRA dependent because of your death	Your HCRA dependent

Employee Loses Coverage

If you lose coverage because of a layoff, termination of employment (for reasons other than gross misconduct), or if you do not return to work after an **FMLA** leave of absence, **COBRA** continuation coverage is available to you and your **HCRA dependents**. If you elect **COBRA** coverage and you acquire a new child (birth, adoption or placement of adoption) during your **COBRA** continuation period, you may enroll that new child in **COBRA** continuation coverage.

You and your **HCRA dependents** will be notified by the **Avaya Health and Benefits Decision Center** when an event makes continuation of coverages available and sends you election information, including the cost of the coverage. You and each of your **HCRA dependents** have an independent right to elect **COBRA** continuation coverage. You (or a **HCRA dependent**) must notify the **Avaya Health and Benefits Decision Center** (within 60 days of the date the notice is sent or coverage is lost, whichever is later) of your decision to continue coverage. If you do not elect continuation coverage during the first 60-day election period and you become eligible for trade adjustment assistance, you may elect continuation coverage during a second 60-day period that begins on the first day of the month in which you are determined to be eligible for such assistance. In this situation, your election must be made within 6 months of your first **COBRA** qualifying event.

Dependent Continuation Coverage

Each of your **HCRA dependents** may have the right to **COBRA** continuation coverage from the date of the qualifying event if he or she loses coverage because:

- You die,
- You and your spouse get divorced or legally separated, or
- He or she is no longer eligible for coverage under the Reimbursement Account Plan (e.g., due to age limit).

If your **HCRA dependents** lose coverage because of your death, the **Avaya Health and Benefits Decision Center** will notify them of their right to continue coverage within 44 days. Your **HCRA dependent** must notify the **Avaya Health and Benefits Decision Center** of their decision to continue coverage within 60 days of the later of this notification or the date benefits terminate.

If you get divorced or legally separated, or if your child no longer meets the eligibility requirements, you or your **HCRA dependent** must notify the **Avaya Health and Benefits Decision Center** within 60 days of the event. This notice should be in writing and should include proof of the qualifying event (for example, a copy of the divorce decree). If the **Avaya Health and Benefits Decision Center** is not notified within 60 days of the qualifying event, your **HCRA dependent** will lose the right to elect **COBRA** continuation coverage. After the **Avaya Health and Benefits Decision Center** is notified, your **HCRA dependent** will be notified of his or her right to continue coverage within 14 days. Within 60 days of the later of this notification or the date benefits terminate, your **HCRA dependent** must notify the **Avaya Health and Benefits Decision Center** of his or her decision to continue coverage. If the **Avaya Health and Benefits Decision Center** determines that your **HCRA dependent** is not eligible for **COBRA** continuation coverage, your **HCRA dependent** will be notified in writing explaining why continuation coverage is not available.

When Coverage Ends

If you and/or your **HCRA dependent** elect **COBRA** continuation coverage, the coverage takes effect on the date of your qualifying event and continues until the earliest of the following:

- The end of the plan year
- The date Avaya Inc. no longer provides coverage to any of its employees
- When there is a significant underpayment of a premium or when premiums for **COBRA** continuation coverage are not paid within the required time
- The date you or your **HCRA dependents** become covered under another group health care plan other than TRICARE (provided pre-existing condition exclusions or limitations under the new group health care plan do not apply)

If the **Avaya Health and Benefits Decision Center** determines that your coverage is terminating before the end of the **COBRA** period (e.g., when premiums are not being paid within the required time), you will be notified that your coverage is terminating and you will be provided with the reason why and the date your coverage is terminating.

COBRA Coverage Cost

You (or your **HCRA dependent**) pay the full cost for **COBRA** continuation coverage, plus a 2% administrative fee.

The initial **COBRA** payment (which includes payment for coverage back to the date regular coverage ended) is due when you elect **COBRA**. However, the Reimbursement Account Plan is legally required to provide you with a 45-day grace period for this initial **COBRA** payment. No further extension will be permitted. After the initial payment, subsequent payments are due by the first of the month for the coverage period which is being paid. The Reimbursement Account Plan is legally required to provide you with a 30-day grace period for these payments. No further extension is permitted. Payments received after your 30- or 45-day grace period will result in an automatic loss of all **COBRA** coverage rights. Once **COBRA** coverage is lost, it cannot be reinstated. There are no exceptions.

If You Have Questions

Questions concerning your **COBRA** continuation coverage rights should be addressed to the **Avaya Health and Benefits Decision Center** (see “Important Contacts”). For more information about your rights under ERISA, including **COBRA**, the Health Insurance Portability and Accountability Act, 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 Web site at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through the EBSA Web site.)

Keep Your Plan Informed of Address Changes

In order to protect your family’s rights, you should keep the **Avaya Health and Benefits Decision Center** (see “Important Contacts”) informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the **Avaya Health and Benefits Decision Center**.

Continuing Your CECRA Coverage

*You cannot continue to make contributions to the **CECRA** after you leave the payroll.* However, you may submit claims for eligible child/elder care expenses incurred during the Plan Year in which your contributions end. For more information, see “When CECRA Participation Ends.”