

CONTINUING COVERAGE

Extending Coverage During Hospitalization

If you or a **covered dependent** is hospitalized when coverage ends, coverage for that individual's current **hospital** stay *only* may continue for a limited period of time. For a medical condition, coverage may continue for the duration of the **hospital** stay, up to a maximum of 120 days. If treatment is for a mental health or **chemical dependency** condition, benefits may continue while the individual is hospitalized, up to the applicable **in-patient** maximum. For more information, see "Mental Health and Chemical Dependency Program."

Benefits stop on the earlier of the date the individual is released from the **hospital** or the date the maximum is reached, unless you continue or replace coverage through one of the other methods described below.

Continuing Your Medical Coverage Through COBRA

A federal law known as **COBRA** (Consolidated Omnibus Budget Reconciliation Act of 1985, as amended) requires employers to offer **eligible retirees** and their **covered dependents** (excluding **Class II Dependents** who aren't children) the opportunity to continue their group health 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 -- Standard **POS** option, **Salaried Retiree Indemnity** option and **HMO** option. Although not required under **COBRA**, the Medical Plan provides continuation coverage to your **domestic partner** and/or **domestic partner dependents**.

COBRA Coverage

COBRA may extend your coverage under the Medical Plan for up to 36 months. If you or your **covered dependents** are eligible for any other continuing health care coverage, that coverage also counts toward your **COBRA** continuation period. 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	Duration of COBRA Coverage
You	Die	Your covered dependents	36 months
	Become divorced or legally separated	Your covered dependents	36 months

If:	Qualifying Event	Who Is Eligible for COBRA Coverage	Duration of COBRA Coverage
Your covered dependent	Is no longer an eligible dependent (due to age limit, divorce, or legal separation)	Your covered dependent	36 months
	Is no longer an eligible dependent because of your death	Your covered dependent	36 months

Retiree Loses Coverage

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 each of your **covered dependents** have an independent right to elect **COBRA** continuation coverage. You (or a **covered 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. The **Avaya Health and Benefits Decision Center** will send you election information, including the cost of the coverage.

If the **Avaya Health and Benefits Decision Center** determines that you and/or your **covered dependents** are not eligible for **COBRA** continuation coverage, you will be notified in writing explaining why continuation coverage is not available.

Dependent Continuation Coverage

Each of your **covered dependents** may have the right to **COBRA** continuation coverage for up to 36 months 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 Medical Plan (e.g., due to the age limit)

If your **covered 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 **covered 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 **covered 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 **covered dependent** will lose the right to elect **COBRA** continuation coverage. After the **Avaya Health and Benefits Decision Center** is notified, your **covered 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 **covered 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 **covered dependent** is not eligible for **COBRA** continuation coverage, your **covered dependent** will be notified in writing explaining why continuation coverage is not available.

When COBRA Coverage Ends

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

- The end of the 36-month continuation period
- The date Avaya Inc. no longer provides health care 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 **covered 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)
- The date you or your covered dependents become eligible for **Medicare**, if after the date your **COBRA** coverage begins. Note that coverage will still be available for family members who are not **Medicare**-eligible.

If the **Avaya Health and Benefits Decision Center** determines that your coverage is terminating before the end of the 36-month 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 **covered 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 Medical 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 Medical 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 yourself or your family members, including your e-mail address. You should also keep a copy, for your records, of any notices you send to the **Avaya Health and Benefits Decision Center**.

Family Security Program

The surviving spouse of an **eligible retired employee** who has exhausted **COBRA** continuation coverage or who is ineligible for **COBRA** due to **Medicare** eligibility has the option to join the Family Security Program (see “If You Die While Covered Under the Retiree Medical Expense Plan for Salaried Employees”).

At the end of the **COBRA** continuation period, your surviving **lawful spouse** may choose to continue coverage under the **Salaried Retiree Indemnity** option if he or she pays the full cost for this coverage under the Family Security Program. Dental Plan

coverage is included with the Family Security Program for retirees. Your spouse also may cover any **Class I dependent children** who were enrolled immediately before your death as long as they still qualify as eligible **Class I dependents**.

As long as your spouse makes the required contributions under the **Salaried Retiree Indemnity** option, coverage may continue as follows:

- Spousal coverage may continue indefinitely, and
- Dependent child coverage may continue until the earlier of the date:
 - Your spouse's coverage ends, or
 - The dependent child ceases to be an **eligible dependent** under the Medical Plan.