

# ANNUAL NOTICES

Regarding Your Benefit Plan Offered Through Butler Health Plan

**BUTLER HEALTH PLAN**

**October 1, 2011**

# LEGAL NOTICES

## Continuation Coverage Rights Under COBRA

### INTRODUCTION

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It also can become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan's summary description or contact the Plan Administrator.

### WHAT IS COBRA CONTINUATION COVERAGE?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event". Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary". You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

#### **If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying event:**

- Your employment ends for any reason other than your gross misconduct.

#### **If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because of any of the following qualifying events:**

- Your spouse dies;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

#### **Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because of any of the following qualifying events:**

- The parent-employee dies;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or

- The child stops being eligible for coverage under the Plan as a "dependent child".

### WHEN IS COBRA COVERAGE AVAILABLE?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is then end of employment, death of the employee, or the employee becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

### YOU MUST GIVE NOTICE OF SOME QUALIFYING EVENTS

*For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify your Treasurer or Personnel Department within 60 days after the qualifying event occurs.*

### HOW IS COBRA COVERAGE PROVIDED?

Once your Treasurer or Personnel Department receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of the Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight months before the date on which his or her employment terminates, COBRA continuation coverage for the employee's spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus eight months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

### 1. DISABILITY EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60<sup>th</sup> day of

# LEGAL NOTICES

COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

Requests for disability extensions must be made in writing to the COBRA administrator. See Plan Contact Information below for an address and phone number. You must include a copy of your most recent SSA disability approval letter. If your disability is not certified by the SSA, you do not qualify for the extension.

## 2. SECOND QUALIFYING EVENT EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both) or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

### IF YOU HAVE QUESTIONS

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, the Employee Retirement Income Security Act, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), 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 website at: [dol.gov/ebsa](http://dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

### KEEP YOUR PLAN INFORMED OF ADDRESS CHANGES

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

### PLAN CONTACT INFORMATION:

COBRA Administrator  
Allied Benefit Systems  
200 W. Adams Street Suite 500  
Chicago, IL 60606  
312-906-8080 or 1-800-288-2078

### WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998: NOTICE OF RIGHTS

The Women's Health and Cancer Rights Act of 1998 (WHCRA) is a federal law that provides protections to patients who choose to have breast reconstruction in connection with a mastectomy. The terms of WHCRA provide:

A group health plan, and a health insurance issuer providing health insurance in connection with a group health plan, that provides medical and surgical benefits with respect to a mastectomy, shall provide, in a case of a participant or

beneficiary who is receiving benefits in connection with a mastectomy and who elects breast reconstruction in connection with such mastectomy, coverage for:

1. all stages of reconstruction of the breast on which the mastectomy has been performed;
2. surgery and reconstruction of the other breast to produce a symmetrical appearance; and
3. prosthesis and physical complications of all stages of mastectomy, including lymphedemas; in a manner determined in consultation with the attending physician and the patient. Such coverage may be subject to the annual deductibles and coinsurance provisions as may be deemed appropriate and as are consistent with those established for other benefits under the plan or coverage.

If you have any questions about the Butler Health Plan's provisions relating to the Women's Health and Breast Cancer Rights Act of 1998 contact your Claim Administrator at 1-800-288-2078.

### NEWBORN'S AND MOTHERS HEALTH PROTECTION ACT

Under the provisions of The Newborn's and Mothers Health Protection Act, group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a Caesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

### COVERAGE FOR DEPENDENTS TO AGE 26

Individuals whose coverage ended, or who were denied coverage (or were not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the Butler Health Plan during Open Enrollment.

### CREDITABLE COVERAGE DISCLOSURE

Important Notice from the Butler Health Plan About Your Prescription Drug Coverage and Medicare:  
Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage, effective January 1, 2011, to December 31, 2011, with the Butler Health Plan and your options under the Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

# LEGAL NOTICES

- Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
- The Butler Health Plan has determined that the prescription drug coverage offered by the Butler Health Plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and may not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

## WHEN CAN YOU JOIN A MEDICARE DRUG PLAN?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15 through December 7. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

## WHAT HAPPENS TO YOUR CURRENT COVERAGE IF YOU DECIDE TO JOIN A MEDICARE DRUG PLAN?

If you decide to join a Medicare drug plan, your current Butler Health Plan coverage will not be affected. The Butler Health Plan has determined that the prescription drug coverage offered through the Butler Health Plan is, on average for all participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan. Go to [www.butlerhealthplan.org](http://www.butlerhealthplan.org) for more details on your prescription benefits.

If you decide to join a Medicare drug plan and drop your current medical coverage, be aware that you and your dependents will not be able to get this coverage back unless you experience a qualifying event or sign up during Open Enrollment.

## WHEN WILL YOU PAY A HIGHER PREMIUM (PENALTY) TO JOIN A MEDICARE DRUG PLAN?

You should also know that if you drop or lose your current coverage with the Butler Health Plan and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1 percent of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without Creditable Coverage, your premium may consistently be at least 19 percent higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition you may have to wait until the following October to join.

## FOR MORE INFORMATION ABOUT THIS NOTICE OR YOUR CURRENT PRESCRIPTION DRUG COVERAGE

If you want more information, contact Allied Benefit Systems 1-312-906-8080 or 1-800-288-2078.

NOTE: You will receive this notice each year. You will also receive it before the next period you can join a Medicare drug plan, and if this coverage through the Butler Health Plan changes. You may also request a copy of this notice any time.

## FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE PRESCRIPTION DRUG COVERAGE

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You will receive a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

Visit: [www.medicare.gov](http://www.medicare.gov).

Call 1-800-MEDICARE (1-800-633-4227)

TTY users should call 1-877-486-2048

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security at [www.socialsecurity.gov](http://www.socialsecurity.gov) or call them at 1-800-772-1213.

To see if your State has a premium assistance program, or for more information on special enrollment rights you can contact either:

U.S. Department of Labor

Employee Benefits Security Administration

[www.dol.gov/ebsa](http://www.dol.gov/ebsa)

1-866-444-EBSA (3272)

U.S. Department of Health and Human Services  
Centers for Medicare & Medicaid Services

[www.cms.hhs.gov](http://www.cms.hhs.gov)

1-877 267-2323, Ext 61565

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained Creditable Coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

## Medicaid and the Children's Health Insurance Program (CHIP) Offer Free Or Low-Cost Health Coverage To Children And Families

If you are eligible for health coverage from your employer, but are unable to afford the premiums, some States have premium assistance programs that can help pay for coverage. These States use funds from their Medicaid or CHIP programs to help people who are eligible for employer-sponsored health coverage, but need assistance in paying their health premiums.

If you or your dependents are already enrolled in Medicaid or CHIP and you live in a State listed below, you can contact your State Medicaid or CHIP office to find out if premium assistance is available.

## LEGAL NOTICES

---

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your State Medicaid or CHIP office or dial **1-877-KIDS NOW** or **www.insurekidsnow.gov** to find out how to apply. If you qualify, you can ask the State if it has a program that might help you pay the premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, your employer's health plan is required to permit you and your dependents to enroll in the Plan – as long as you and your dependents are eligible, but not already enrolled in the employer's plan. This is called a "special enrollment" opportunity, and **you must request coverage within 60 days of being determined eligible for premium assistance.**

**If you live in one of the following States, you may be eligible for assistance paying your employer health plan premiums. The following list of States is current as of January 31, 2011. You should contact your State for further information on eligibility.**

### Alabama – Medicaid

Website: <http://www.medicaid.alabama.gov>  
Phone: 1-800-362-1504

### Alaska – Medicaid

Website: <http://health.hss.state.ak.us/dpa/programs/medicaid/>  
Phone (Outside Anchorage): 1-888-318-8890  
Phone (Anchorage): 1-602-417-5437

### Arizona – CHIP

Website: <http://www.azahcccs.gov/applicants/default.aspx>  
Phone (Outside of Maricopa County): 1-877-764-5437  
Phone (Maricopa County): 602-417-5437

### Arkansas – CHIP

Website: <http://www.arkidsfirst.com/>  
Phone: 1-888-474-8275

### California – Medicaid

Website: [http://www.dhcs.ca.gov/services/Pages/TPLRD\\_CAU\\_cont.aspx](http://www.dhcs.ca.gov/services/Pages/TPLRD_CAU_cont.aspx)  
Phone: 1-866-298-8443

### Colorado – Medicaid CHIP

Medicaid Website: <http://www.colorado.gov/>  
Medicaid Phone (In state): 1-800-866-3513  
Medicaid Phone (Out of state): 1-800-221-3943  
CHIP Website: <http://www.CHPplus.org>  
CHIP Phone: 303-866-3243

### Florida – Medicaid

Website: <http://www.fdhc.state.fl.us/Medicaid/index.shtml>  
Phone: 1-877-357-3268

### Georgia – Medicaid

Website: <http://dch.georgia.gov/>  
Click on Programs, then Medicaid  
Phone: 1-800-869-1150

### Idaho – Medicaid & CHIP

Medicaid Website: [www.accesstohealthinsurance.idaho.gov](http://www.accesstohealthinsurance.idaho.gov)  
Medicaid Phone: 1-800-926-2588  
CHIP Website: [www.medicaid.idaho.gov](http://www.medicaid.idaho.gov)  
CHIP Phone: 1-800-926-2588

### Indiana – Medicaid

Website: <http://www.in.gov/fssa>  
Phone: 1-800-889-9948

### Iowa – Medicaid

Website: [www.dhs.state.ia.us/hipp/](http://www.dhs.state.ia.us/hipp/)  
Phone: 1-888-346-9562

### Kansas – Medicaid

Website: <https://www.khpa.ks.gov>  
Phone: 1-800-792-4884

### Kentucky – Medicaid

Website: <http://chfs.ky.gov/dms/default.htm>  
Phone: 1-800-635-2570

### Louisiana – Medicaid

Website: <http://www.lahipp.dhh.louisiana.gov>  
Phone: 1-888-342-6207

### Maine – Medicaid

Website: <http://www.maine.gov/dhhs/OIAS/public-assistance/index.html>  
Phone: 1-800-321-5557

### Missouri – Medicaid

Website: <http://www.dss.mo.gov/mhd/participants/pages/hipp.htm>  
Phone: 573-751-2005

### Montana – Medicaid

Website: <http://medicaidprovider.hhs.mt.gov/clientpages/clientindex.shtml>  
Phone: 1-800-694-3084

### Nebraska – Medicaid

Website: <http://www.dhhs.ne.gov/med/medindex.htm>  
Phone: 1-877-255-3092

### Nevada – Medicaid & CHIP

Medicaid Website: <http://dwss.nv.gov/>  
Medicaid Phone: 1-800-992-0900  
CHIP Website: <http://www.nevadacheckup.nv.org/>  
CHIP Phone: 1-877-543-7669

### New Hampshire – Medicaid

Website: [www.dhhs.nh.gov/ombp/index.htm](http://www.dhhs.nh.gov/ombp/index.htm)  
Phone: 603-271-4238

### New Jersey – Medicaid & CHIP

Medicaid Website: <http://www.state.nj.us/humanservices/dmahs/clients/medicaid/>  
Medicaid Phone: 1-800-356-1561  
CHIP Website: <http://www.njfamilycare.org/index.html>  
CHIP Phone: 1-800-701-0710

## LEGAL NOTICES

---

### Massachusetts – Medicaid & CHIP

Medicaid & CHIP Website: <http://www.mass.gov/MassHealth>  
Medicaid & CHIP Phone: 1-800-462-1120

### Minnesota – Medicaid

Website: <http://www.dhs.state.mn.us/>  
Click on Health Care, then Medical Assistance  
Phone (Outside of Twin City area): 800-657-3739  
Phone (Twin City area): 651-431-2670

### New York – Medicaid

Website: [http://www.nyhealth.gov/health\\_care/medicaid/](http://www.nyhealth.gov/health_care/medicaid/)  
Phone: 1-800-541-2831

### North Carolina – Medicaid

Website: <http://www.nc.gov>  
Phone: 919-855-4100

### North Dakota – Medicaid

Website: <http://www.nd.gov/dhs/services/medicalserv/medicaid/>  
Phone: 1-800-755-2604

### Oklahoma – Medicaid

Website: <http://www.insureoklahoma.org>  
Phone: 1-888-365-3742

### Oregon – Medicaid & CHIP

Medicaid & CHIP Website:  
<http://www.oregonhealthykids.gov>  
Medicaid & CHIP Phone: 1-877-314-5678

### New Mexico – Medicaid & CHIP

Medicaid Website: <http://www.hsd.state.nm.us/mad/index.html>  
Medicaid Phone: 1-888-997-2583  
CHIP Website: <http://www.hsd.state.nm.us/mad/index.html>  
Click on Insure New Mexico  
CHIP Phone: 1-888-997-2583

### Pennsylvania – Medicaid

Website:  
<http://www.dpw.state.pa.us/partnersproviders/medicalassistance/doingbusiness/003670053.htm>  
Phone: 1-800-644-7730

### Rhode Island – Medicaid

Website: [www.dhs.ri.gov](http://www.dhs.ri.gov)  
Phone: 401-462-5300

### South Carolina – Medicaid

Website: <http://www.scdhhs.gov>  
Phone: 1-888-549-0820

### Texas – Medicaid

Website: <https://www.gethipptexas.com/>  
Phone: 1-800-440-0493

### Utah – Medicaid

Website: <http://health.utah.gov/upp>  
Phone: 1-866-435-7414

### Vermont – Medicaid

Website: <http://www.greenmountaincare.org/>  
Phone: 1-800-250-8427

### Virginia – Medicaid & CHIP

Medicaid Website: <http://www.dmas.virginia.gov/rcp-HIPP.htm>  
\_Medicaid Phone: 1-800-432-5924  
CHIP Website: <http://www.famis.org/>  
CHIP Phone: 1-866-873-2647

### Washington – Medicaid

Website: <http://hrsa.dshs.wa.gov/premiumpymt/Apply.shtm>  
Phone: 1-800-562-3022 ext. 15473

### West Virginia – Medicaid

Website: <http://www.wvrecovery.com/hipp.htm>  
Phone: 304-342-1604

### Wisconsin – Medicaid

Website: <http://www.badgercareplus.org/pubs/p-10095.htm>  
Phone: 1-800-362-3002

### Wyoming – Medicaid

Website: <http://www.health.wyo.gov/healthcarefin/index.html>  
Phone: 307-777-7531

To see if any more States have added a premium assistance program since January 31, 2011, or for more information on special enrollment rights, you can contact either:

U.S. Department of Labor U.S. Department of Health and Human Services  
Employee Benefits Security Administration Centers for Medicare & Medicaid Services  
[www.dol.gov/ebsa/www.cms.hhs.gov](http://www.dol.gov/ebsa/www.cms.hhs.gov)  
1-866-444-EBSA (3272) 1-877-267-2323, Ext. 61565  
OMB Control Number 1210-0137 (expires 09/30/2013)

#### **Please be reminded:**

Standards for Privacy of Individually Identifiable Health Information

(The “Privacy Standards”)

And

#### **Notice of Privacy Practices**

For the **Butler Health Plan**

May be found in your Summary Plan Description (benefit book) available at your Treasurer or Personnel Department or online at Allied Benefit Systems, Inc.

[www.alliedbenefit.com](http://www.alliedbenefit.com)