



CONTINUATION OF GROUP HEALTH COVERAGE Important Notice

CONTINUATION COVERAGE (EMPLOYERS WITH FEWER THAN 20 EMPLOYEES)

NOTICE TO MEMBERS: Section 627.6692, Florida Statutes, known as the FLORIDA HEALTH INSURANCE COVERAGE CONTINUATION ACT, requires that employers with fewer than 20 employees offer employees and their families the opportunity for a temporary extension of health coverage (called "Continuation Coverage") in certain instances where coverage under the plan would otherwise end. Below is a summary of your rights and obligations under the continuation provisions of the law. This summary of rights should be reviewed by you, your spouse and covered dependents (if applicable), retained with other benefit documents, and referred to in the event that any action is required on your part.

If you are an employee of an employer with fewer than 20 employees and covered by its group health plan, you have a right to choose this continuation coverage if either of the following occurs:

Types of Qualifying Events

1. You lose your group health coverage because of a reduction in your hours of employment; or
2. Your employment terminates (for reasons other than gross misconduct on your part).

If you are the covered spouse of an employee, you have the right to choose continuation coverage for yourself if you lose group health coverage for any of the following four reasons:

Types of Qualifying Events

1. The death of the employee;
2. The termination of the employee's employment (for reasons other than gross misconduct) or a reduction in the employee's hours of employment;
3. Divorce or legal separation from the employee; or
4. The employee becomes entitled to Medicare.

In the case of a covered dependent child of an employee, or covered spouse, he or she has the right to choose continuation coverage if group health coverage is lost for any of the following five reasons:

Types of Qualifying Events

1. The death of the employee;
2. The termination of the employee's employment (for reasons other than gross misconduct) or a reduction in the employee's hours of employment;
3. Parents' divorce or legal separation;
4. The employee becomes entitled to Medicare; or
5. The dependent ceases to be a "dependent child" under the terms of the group health plan.

You also have the right to elect Continuation Coverage if you are covered under the plan as a retiree or spouse or child of a retiree, and lose coverage within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code by the employer from whose employment the covered employee retired.

Under the law, a qualified beneficiary has the responsibility to inform AvMed of a qualified event. This notification must be made within 63 days of the qualifying event causing a loss of coverage.

Notice of Occurrence of a Qualifying Event

Under the law, the employee or a family member has the responsibility to inform AvMed of the occurrence of one or more of the above qualifying events. This notification must be made within 63 days (as evidenced by postmark) from the date of the qualifying event causing loss of coverage. The notice must be in writing and include:

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1. The name and Social Security Number of the qualified beneficiary losing coverage as a result of one of the qualifying events listed above;
2. The occurrence date and type of qualifying event except that if the qualified beneficiary was involuntarily terminated, the nature of the discharge need not be disclosed;
3. The name and telephone number of the employer;
4. The group health plan number; and
5. The name, Social Security Number, address and telephone number of all qualified beneficiaries.

Election and Premium Notice Form

Within 14 days of the date AvMed receives your timely written notice of a qualifying event from the qualified beneficiary, AvMed will send to you, by Certified Mail, an Election and Premium Notice Form indicating your right to choose Continuation Coverage. Under the law, you have 63 days from the later of the date you would lose coverage or from the date of receipt of the notice, to elect continuation coverage. The employee, covered spouse and covered dependent child(ren) are deemed to have received this Notice no later than the fifth (5th) day after the Notice is sent by AvMed by Certified Mail. To elect Continuation Coverage, complete and return the Premium Notice and Election Form with applicable premium payment to AvMed. Continuation Coverage will become effective on the day after coverage would otherwise be terminated, only if the Premium Notice and Election Form and full premium payment are received by AvMed within the allotted time period and all other eligibility requirements are satisfied.

If you do not elect coverage and pay the premium, your group health coverage will terminate in accordance with the Contract.

Coverage Period and Premiums

If you choose Continuation Coverage, your coverage will be identical to the coverage provided under the plan to similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for 18 months. However, the law also provides that your Continuation Coverage may be terminated for any of the following reasons:

1. The employer/former employer no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid by the grace period expiration date, which is 30 days;
3. You first become, after electing continuation coverage, covered under any other group health plan (as an employee or otherwise) which does not contain any exclusion or limitation with respect to any pre-existing condition; or
4. You are approved, after electing continuation coverage, for Medicare.

NOTE: A Qualified Beneficiary who is determined under Title 11 or XVI of the Social Security Act, to have been disabled as of the date of termination of employment or reduction in hours may be eligible to continue coverage for an additional 11 months (29 months total). You must notify AvMed within 60 days of receipt of the determination of disability by the Social Security Administration and prior to the end of the 18-month continuation period. The rate charged will be 150% of the group rate during the 11-month extension. The disabled individual must notify AvMed within 30 days of any final determination that he or she is no longer disabled.

You do not have to show that you are insurable to choose continuation coverage. However, you will be required to pay 115% of the applicable group rate for continuation coverage. At the end of the 18-month or 29-month continuation coverage period, you may be eligible to enroll in an individual conversion health plan.

If you have any questions about this, please contact AvMed. Also, if your marital status has changed, or you, your spouse, or any eligible covered dependent has changed address, please notify AvMed in writing at the address shown below.

AvMed
9400 South Dadeland Blvd.
Miami, Florida 33156
ATTN: Small Business Coverage Continuation
(800) 654-0182

If any covered child is at a different address, please notify AvMed in writing, so that notices may be sent by AvMed to the separate household.

