

# To Important Notice Related to COBRA Deadlines

The Department of Labor (“DOL”) and Internal Revenue Service (“IRS”) issued guidance for COBRA plans due to COVID-19 impact. The guidance states that **the following deadlines are extended** from March 1, 2020 (retroactively) through 60-days after the yet-to-be-announced end of the Covid-19 National Emergency. **This period of time is known as the “Outbreak Period”.**

- **COBRA Election** – The 60-day deadline to elect COBRA continuation coverage.
- **COBRA Premium Payments** – The 45-day (for the initial payment) and 30-day (for subsequent payments) deadlines to timely pay COBRA premiums.
- **2nd Qualifying Event and Disability Notice** – The 60-day deadline to notify the Plan of events which may extend your COBRA period. (e.g., divorce or legal separation, a child ceasing to be a dependent under the term of the plan; or disability determination).
- **HIPAA Special Enrollment Period Notice**– The 30-day (in some instances, 60-day) deadline to request enrollment in a group health plan following a special enrollment event (i.e., birth, adoption or placement for adoption of a child, marriage, loss of other health coverage, or eligibility for a state premium assistance subsidy).

## Important information to keep in mind

Based on the new guidance, below are some key details to be aware of:

- **During the Outbreak Period:** Your COBRA election, premium payment and notice deadlines are extended.
  - **New COBRA Participants:** For participants who haven’t yet elected COBRA and made their initial premium payment, delaying your COBRA election and premium payments will delay the start of your insurance coverage.
  - **Current COBRA Participants:** For participants who have already elected COBRA and made at least one premium payment, failure to pay subsequent premiums due within the standard grace period will result in the administrative termination of your coverage. Claim determinations and claim payment won’t occur if your coverage is administratively terminated.
  - **COBRA Coverage:** Participants can initiate or reinstate COBRA coverage retroactively by submitting premium payments during or upon conclusion of the Outbreak Period. Coverage will be effective through your premium paid through date.
  - **COBRA Statements:** During the Outbreak Period, system generated billing statements and letters you receive won’t reflect the Outbreak Period deadline extension dates. Such communications will continue to show the standard grace periods and deadlines.
- **After the Outbreak Period:** At the end of the Outbreak Period, any COBRA elections not submitted and/or monthly premiums not paid during the Outbreak Period will be due. If all retro-active premium payments aren’t paid when due, your coverage will end as of your premium paid through date, and you’ll be responsible for claims incurred after that date.
- **Online enrollment/payment:** Online enrollment and payment capabilities are only available during the standard deadlines outlined in the enclosed COBRA Notice. They aren’t available if you’re delaying COBRA elections or premium payments, as permitted during the Outbreak Period.
  - **If you’re outside the standard deadlines,** you must **mail in** your COBRA elections and/or premium payment/s to:  
PayFlex Systems USA, Inc.  
BENEFITS BILLING DEPARTMENT  
P.O. BOX 953374  
ST. LOUIS, MO 63195-3374

## Frequently Asked Questions (FAQs)

You can also review the DOL frequently asked questions for more information --

<https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/faqs/covid-19.pdf>  
**Questions?**

Call PayFlex at **1-888-678-7835 (TTY:711)**.

# Important Information About Your COBRA Continuation Coverage Rights

This Notice has important information about your right to continue coverage under the Employee Benefit Program of Bank of Montreal/Harris (referred to in this Notice as 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 your right to get it.**

The right to COBRA continuation coverage was created by a federal law, known as the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. In accordance with COBRA, if you are a participant in a Bank of Montreal/Harris medical plan, dental plan, vision plan, and/or the health care flexible spending accounts under the Plan, you and/or your family members who are covered under the Plan may be eligible to continue coverage. For more information about your rights and obligations under the Plan and under federal law, you should review the Plan’s Summary Plan Description or contact the Plan Administrator.

**You may have other options available to you when you lose group health coverage.** For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse’s plan), even if that plan generally doesn’t accept late enrollees.

## **COBRA continuation coverage**

COBRA continuation coverage is a continuation of Plan coverage when it would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this notice. COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. 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 one of the following qualifying events happens:

- Your hours of employment are reduced, or
- 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 any of the following qualifying events happens:

- Your spouse dies;
- Your spouse’s hours of employment are reduced;
- Your spouse’s employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes enrolled in Medicare (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 any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee’s hours of employment are reduced;
- The parent-employee’s employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes enrolled in Medicare (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.”

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to BMO Financial Corp and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also be qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

### **When Is COBRA continuation Coverage Available?**

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

**For the other qualifying events (divorce or legal separation, dependent child losing eligibility for coverage as a dependent child) you, your spouse, and/or your covered dependent(s) must notify the Plan Administrator of the change in writing within 60 days after the qualifying event occurs. You must send this notice to:**

PayFlex Systems USA, Inc.  
Benefits Billing Department  
P.O. Box 953374  
St. Louis, MO 63195-3374

Once the Plan Administrator 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. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin either (1) on the date of the qualifying event or (2) on the date the Plan coverage would otherwise have been lost, depending on the nature of the Plan.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months. When the qualifying event is the end of employment or reduction of the employee's hours 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 Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his 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 8 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.

### **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 at any time during the first 60 days of COBRA continuation and you notify the Plan Administrator in a timely fashion, you and your entire family can 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 COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must notify PayFlex of that fact within 60 days of the later of (1) the Social Security Administration's determination of disability (the date of the SSA aware letter); (2) the date of your qualifying event; (3) the date of your loss of coverage; or (4) the date you were notified of the requirement (the date of your qualifying event letter). The notification must also be provided before the end of the first 18 months of continuation coverage. Also, you are required to notify the Plan Administrator of any change in your disabled status. This notice should be sent

to: PayFlex Systems USA, Inc., Benefits Billing Department, P.O. Box 953374, St. Louis, MO 63195-3374.

### **Second qualifying event extension of 18-month period of continuation coverage**

If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B, or both), or gets divorced or legally separated. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. **In all of these cases, you must make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to:** PayFlex Systems USA, Inc., Benefits Billing Department, P.O. Box 953374, St. Louis, MO 63195-3374.

### **Are there other coverage options besides COBRA Continuation Coverage?**

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicare, Medicaid, [Children's Health Insurance Program \(CHIP\)](#), or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [www.healthcare.gov](http://www.healthcare.gov).

### **Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?**

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period<sup>1</sup> to sign up for Medicare Part A or B, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>.

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<sup>1</sup> <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>.

### **If You Have Questions**

If you have questions about your COBRA continuation coverage, you should contact PayFlex Systems USA, Inc. or your Plan Administrator. For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care 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 website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

### **Keep Your Plan Informed of Address Changes**

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

### **Plan Contact Information**

If you have any questions concerning the information in this Notice or if you want a copy of your Summary Plan Description, you should contact your Plan Administrator at:

BMO Financial Corp.  
DEPT 14613  
P.O. Box 64050  
The Woodlands, TX 77387-4050  
Human Resources Centre: 1-888-927-7700  
View Summary Plan Description's online at: [www.bmousbenefits.com](http://www.bmousbenefits.com)